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**THE ATLANTIC AND NORTH CAROLINA
RAILROAD COMPANY**


TO

**THE EQUITABLE TRUST COMPANY
OF NEW YORK,**
Trustee.

First Mortgage.

Dated July 1, 1917.

C. G. BURGUYNE PRINTING BUSINESS, 72-78 Spring St., New York.



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Indenture, dated the first day of July, 1917, between THE ATLANTIC AND NORTH CAROLINA RAILROAD COMPANY, a corporation organized and existing under the laws of the State of North Carolina (hereinafter called the Railroad Company), party of the first part, and THE EQUITABLE TRUST COMPANY OF NEW YORK, a corporation organized and existing under the laws of the State of New York (hereinafter called the Trustee), party of the second part.

WHEREAS, the Railroad Company is a corporation organized under the laws of the State of North Carolina and has determined to create an issue of First Mortgage Five-Year Six Per Cent. Gold Bonds, to be coupon bonds, with provision for registration as to principal, the bonds all to be dated the first day of July, 1917, and all such bonds to be payable on the first day of July, 1922, and to bear interest at the rate of six per cent. per annum, payable semi-annually on the first day of January and July in each year (interest on the bonds to date from July 1, 1917) and all principal and interest being payable in the City of New York in gold coin of the United States of the present standard of weight and fineness and without deduction for any United States, state, county or municipal taxes (except any Federal income tax) which the Railroad Company may be required to pay thereon or to retain therefrom under any present or future law, the total issue of said bonds for all purposes not to exceed in the aggregate the principal sum of Three hundred twenty-five thousand dollars (\$325,000), and to be issued for the purpose of paying an issue of bonds of the railroad company of the aggregate principal amount of Three hundred twenty-five thousand dollars (\$325,000) which matured on July 1, 1917, and

WHEREAS, the execution and delivery of this indenture in the form hereof and the issue as herein provided of the bonds hereby secured have been duly authorized and approved by the stockholders and the Board of Directors of the Railroad Company, and

WHEREAS, the railroad and properties of the Railroad Company were conveyed and transferred to the Howland Improvement Company, inc., under and by virtue of a lease dated 1 September, 1904, and registered in the office of the Register of Deeds of Craven County, N. C., in book 151, page 200, for the term of ninety-one years and four months from

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and after 1 September, 1904, and the name of said Howland Improvement Company was thereafter changed by Act of the General Assembly of North Carolina, (Chapter 86, Private Laws of 1905, ratified 15 February, 1905,) to Atlantic and North Carolina Company, and said lease has been assigned to and assumed by the Norfolk and Southern Railroad Company, predecessor of the Norfolk Southern Railroad Company, by said Atlantic and North Carolina Company by deed dated 26 November, 1906, and registered in said office in book 167, page 541, and

WHEREAS, the execution and delivery of this indenture in the form hereof and the issue, as herein provided, of the bonds hereby secured, have been duly authorized and approved by the Board of Directors of Norfolk Southern Railroad Company; and

WHEREAS, the bonds to be secured by this indenture are to be coupon bonds of the denomination of One thousand dollars (\$1,000) each, numbered consecutively from one upwards, and all said bonds to be substantially of the following tenor:

[FORM OF COUPON BOND.]

No. \$1,000.

UNITED STATES OF AMERICA

**THE ATLANTIC AND NORTH CAROLINA RAIL-
ROAD COMPANY**

First Mortgage Five-Year Six Per Cent. Gold Bond.

The Atlantic and North Carolina Railroad Company (hereinafter termed the Railroad Company) a corporation organized and existing under the laws of the State of North Carolina, for value received, hereby promises to pay to the bearer, or if registered, to the registered holder of this bond, on the first day of July, 1922, at the office or agency of the Railroad Company in the City of New York, State of New York, One thousand dollars (\$1,000) gold coin of the United States of the present standard of weight and fineness, and to pay interest thereon at the rate of six per cent. per annum from July 1, 1917, payable semi-annually in like gold coin on the first days of January and July in each year, at its said office or agency, but only upon presentation and

surrender of the respective coupons for such interest hereto annexed. Both the principal and interest of this bond are payable without deduction on account of any tax, assessment or governmental charge (except any Federal income tax) which the Railroad Company may be required to pay thereon or to retain therefrom, under or by reason of any present or future law of the United States or of any state, county or municipality therein. This bond is one of the series of coupon bonds of the Railroad Company known as its First Mortgage Five-Year Six Per Cent. Gold Bonds, duly authorized in the manner and form prescribed by law, issued and to be issued to an amount not exceeding in the aggregate the principal sum of Three hundred twenty-five thousand dollars (\$325,000) at any one time outstanding. All such bonds are issued and to be issued under, and are equally secured without preference, priority or distinction of one bond over another, by a mortgage or deed of trust dated July 1, 1917, executed by the Railroad Company to The Equitable Trust Company of New York, a corporation of the State of New York, as Trustee, to which mortgage or deed of trust reference is hereby made for a statement of the property and franchises mortgaged or pledged, the nature and extent of the security, the rights of the holders of said bonds under the same and the terms and conditions upon which said bonds are issued and to be issued and secured.

This bond shall pass by delivery unless registered in the owner's name on the books of the Railroad Company at its office or agency in the City of New York, such registry being noted on the bond by the bond registrar of the Railroad Company. After such registration no transfer shall be valid unless made on the Railroad Company's books by the registered owner in person or by attorney duly authorized and similarly noted on the bond, and the same may be discharged from registry by being transferred to bearer and thereafter transferability by delivery shall be restored, but this bond may again from time to time be registered or transferred to bearer as before. Such registration, however, shall not affect the negotiability of the coupons, which shall continue to be transferable by delivery merely.

This bond shall not become obligatory for any purpose until it shall have been authenticated by the certificate hereon

endorsed, executed by The Equitable Trust Company of New York or its successors, as Trustee, under said mortgage or deed of trust.

IN WITNESS WHEREOF, The Atlantic and North Carolina Railroad Company has caused these presents to be signed by its President or one of its Vice-Presidents, and by its Secretary or one of its Assistant Secretaries, and its corporate seal to be hereunto affixed, and coupons for the said interest with the engraved signature of its Treasurer to be attached hereto as of the first day of July, 1917.

THE ATLANTIC AND NORTH CAROLINA
RAILROAD COMPANY,

By-----
President.

Attest :

Secretary.

WHEREAS, there are to be annexed to the said bonds at the time of the issue thereof coupons representing the semi-annual interest instalments which may become due thereon, which coupons shall be substantially in the following form :

[FORM OF COUPON.]

No. _____ \$30.

On the first day of _____, The Atlantic and North Carolina Railroad Company will pay to the bearer at its office or financial agency in the City of New York Thirty dollars (\$30) United States gold coin, without deduction for taxes, except Federal income tax, being the six months' interest then due on its First Mortgage Five-Year Six Per Cent. Gold Bond No. ----

Treasurer.

WHEREAS, there is to be endorsed upon each of the said bonds secured hereby a certificate of The Equitable Trust Company of New York, Trustee hereunder, or its successor appointed hereunder, in the following form :

[TRUSTEE'S CERTIFICATE.]

It it hereby certified that this bond is one of the series of bonds described in the within mentioned mortgage or deed of trust.

THE EQUITABLE TRUST COMPANY OF NEW YORK,
Trustee,

By

Vice-President.

And

WHEREAS, in pursuance of the authority above recited and of all and any legal power in it vested, the Railroad Company proposes to make and execute and hereafter to issue and deliver the bonds hereby secured.

NOW, THEREFORE, this indenture witnesseth :

That in order to secure the payment of the principal and interest of all such bonds at any time issued and outstanding under this indenture, according to their tenor and effect, and to secure the performance of all the covenants and conditions herein contained and to declare the terms and conditions upon which such bonds are and shall be issued and received, The Atlantic and North Carolina Railroad Company, party of the first part, in consideration of the premises and of the purchase and acceptance of such bond by the holders thereof and of the sum of One hundred dollars (\$100) to it duly paid by the Trustee at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, has executed these presents and has granted, bargained, sold, aliened, remised, released, confirmed, assigned, transferred and set over, and by these presents does grant, bargain, sell, alien, remise, release, convey, confirm, assign, transfer and set over unto the Trustee, party of the second part, its successors and assigns forever :

ALL and singular the railroad of the party of the second part known and designated as the Atlantic and North Carolina Railroad, extending from its terminus in Morehead City to its terminus in the City of Goldsboro, both in the State of North Carolina, and being about ninety-six miles in length, includ-

ing all the railway, ways, rights of way, depots, depot grounds and all other lands or tracts of land, all tracks, bridges, viaducts, culverts, fences and other structures of every kind whatsoever, all engine houses, car houses, freight houses, work houses and and all other buildings whatsoever, and all machine shops and other shops whether now held or hereafter to be acquired for use in connection with the aforesaid railroad or the business thereof, and including all locomotives, tenders, cars and other rolling stock of every kind, and all machinery, tools, implements, fuel, materials and implements for the constructing, operating, repairing or replacing the said railroad or any part thereof, or any of its equipments or appurtenances, whether now held or hereafter to be acquired, all of which things are hereby declared to be appurtenances of the said railroad, together with the corporate franchises necessary and proper to enable the party of the second part to have, hold, possess, use, enjoy, repair and operate said railroad, together with all and singular the tenements and appurtenances, franchises and all the right thereunto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, income, rents, issues and profits thereof, and also all the estate, right, title, interest, property, possession, claim and demand whatsoever, as well at law as in equity, of the said property of the party of the first part, of, in and to the same and every part thereof with the appurtenances.

TO HAVE AND TO HOLD all and singular the said railroads, premises and property, real and personal, rights, privileges, franchises, estates, lands, appurtenances and other property, both real and personal, hereby conveyed, mortgaged or pledged, or intended to be conveyed, mortgaged or pledged, unto the Trustee and its successors in the trust and assigns forever.

BUT IN TRUST, NEVERTHELESS, for the equal and proportionate benefit and security of all holders of the bonds and coupons issued and to be issued under and secured by this Indenture and for the enforcement of the payment of said bonds and of the interest thereon when payable according to their tenor, purport and effect and to secure the performance of and compliance with the covenants and conditions of this Indenture without preference, priority or distinction as to lien or otherwise of any one bond over any other bond issued

hereunder by reason of priority in the issue, sale or negotiation thereof, it being intended that the lien and security of this indenture shall take effect from the date of the execution and delivery hereof without regard to the time of actual issue, sale or negotiation of said bonds.

And it is hereby covenanted and agreed that all such bonds with the coupons for interest thereon shall be issued, certified and delivered and that the mortgaged and pledged premises and property shall be held by the Trustee subject to the further covenants, conditions, uses and trusts hereinafter set forth, to wit :

ARTICLE FIRST.

SECTION 1. All bonds to be issued hereunder and secured hereby, together with the interest coupons appertaining thereto, and the trustee's certificate to be endorsed thereon shall be of the tenor and purport above recited. The bonds shall be of the denomination of \$1,000 each, numbered consecutively from 1 upwards.

The aggregate amount of the bonds issued and outstanding under this Indenture shall never at any time exceed the principal sum of \$325,000. All bonds shall from time to time be executed and delivered by the Railroad Company to the Trustee for certification and thereupon the Trustee shall certify and deliver the same as provided in Article First of this Indenture and not otherwise. Only such bonds as shall bear thereon endorsed the certificate of The Equitable Trust Company of New York or its successor as trustee hereunder, shall be secured by this Indenture or shall be entitled to any lien or benefit hereunder, and every such certificate of the Trustee upon any bond purporting to be secured hereby shall be conclusive evidence that the bond so certified has been duly issued hereunder and that the holder is entitled to the benefit of the trust hereby created. Bonds shall at the request of the Railroad Company be certified and delivered by the Trustee before the filing, recording or registering of this Indenture.

In case any officers of the Railroad Company who shall sign and seal any bonds shall cease to be such officers before the bonds so signed and sealed shall have been actually certi-

fied by the Trustee or delivered, such bonds may nevertheless be certified and delivered subject to the provisions of Article Second of this Indenture as though the persons who had signed and sealed such bonds had not ceased to be officers of the Railroad Company. Coupons to be attached to the bonds shall be authenticated by the fac-simile signature of the present Treasurer or of any future Treasurer of the Railroad Company and the Railroad Company may use for that purpose the fac-simile signature of any person who shall have been such Treasurer notwithstanding the fact that he may have ceased to be such Treasurer at the time when such bonds shall be actually certified and delivered or issued.

SECTION 2. Until the permanent coupon and registered bonds intended to be secured hereby can be engraved and prepared, the Railroad Company may execute and deliver printed or lithographed bonds, negotiable by delivery and substantially of the tenor of the bonds hereinbefore recited, except that no coupons shall be attached to said temporary bonds and the same may be for the payment of \$1,000 or any multiple thereof as the Railroad Company shall determine. Each of such printed or lithographed bonds shall bear upon its face the words : " Temporary First Mortgage Five-Year Six Per Cent. Gold Bond," and shall be duly certified by the Trustee in the same manner as the bonds hereinbefore described and such certificate shall be conclusive evidence that the bond so certified has been duly issued hereunder and that the holder is entitled to the benefit of the trusts hereby created. Whenever any of said temporary bonds shall be surrendered for exchange for temporary bonds of different denominations but of like principal amount, the Railroad Company shall cancel the temporary bonds so surrendered and deliver the same to the Trustee and shall execute and the Trustee shall thereupon, and upon payment of such reasonable charge for making such exchange as the Railroad Company may fix, certify and deliver to the holder of the bonds so surrendered a like principal amount of temporary bonds of such denominations not less than \$1,000, as the holder of the bonds so surrendered may reasonably request. Such printed or lithographed bonds, duly certified and issued hereunder, shall be exchangeable for engraved bonds to be issued hereunder, and upon any such exchange said printed or lithographed bonds shall be forth-

with canceled by the Trustee and delivered to the Railroad Company. Until so exchanged the said printed or lithographed bonds shall in all respects be entitled to the lien and security of these presents as bonds issued and certified hereunder, and interest when and as payable shall be paid and endorsed thereon. As long as any temporary bonds are outstanding a corresponding amount in face value of engraved bonds shall be withheld from certification by the Trustee.

SECTION 3. The Railroad Company at an office or agency to be maintained by it in the City of New York shall keep a sufficient register or registers of bonds issued hereunder, and upon presentation for such purpose, under such reasonable regulations as it may prescribe, register therein any bonds issued under the provisions hereof.

Upon presentation of any such registered bond together with a written instrument of transfer executed by the registered holder for the time being in a form approved by the Railroad Company, such bond shall be transferred upon such register. The registered holder of any such registered bond shall also have the right to cause the same to be registered as payable to bearer, in which case transferability by delivery shall be restored, and thereafter the principal of such bond shall be payable to any person presenting the same; but any such bond registered as payable to bearer may be registered in the name of the holder with the same effect as a first registration thereof. Successive registrations and transfers as aforesaid may be made from time to time as desired, and each registration shall be noted on the bond. Registration of any bond shall, however, not restrain the negotiability of any coupon thereto belonging, but every such coupon shall continue to pass by delivery and shall remain payable to bearer.

SECTION 4. In case any bonds issued hereunder shall become mutilated or destroyed, the Railroad Company may, in its discretion, issue and thereupon, on request of the Railroad Company, expressed by resolution of its Board of Directors, the Trustee shall certify and deliver to the Railroad Company, or, upon its order, to the party or parties entitled thereto, a new bond of like tenor and date including coupons, bearing the same serial number in exchange and substitution for and upon cancellation of the mutilated bond and its coupons so destroyed, upon receipt of evidence satisfactory

to the Railroad Company and the Trustee of the destruction of such bond and its coupon, and upon receipt also of indemnity satisfactory to it and to the Trustee, and the Railroad Company may charge for the issue of such new bond an amount sufficient to reimburse the Railroad Company for the expense incurred by it in the issue thereof.

Upon the written request of the president of the Railroad Company the Trustee shall certify and deliver to the president or upon his order at any time after the execution of this indenture the bonds authorized to be issued hereunder.

ARTICLE SECOND.

SECTION 1. The Railroad Company covenants and agrees that it will duly and punctually pay or cause to be paid the principal and interest of every bond issued hereunder and secured hereby all in gold coin of the United States of America of or equal to the present standard of weight and fineness, at the dates and place and in the manner mentioned in such bond, or in the coupons thereto appertaining, without any deduction from either principal or interest for any tax, assessment or governmental charge (except any Federal income tax) which the Railroad Company may be required to pay thereon or to retain therefrom under or by reason of any present or future law of the United States or of any State, County or Municipality therein. The interest shall be payable only upon surrender for cancelation of the respective coupons annexed to said bonds as such coupons respectively mature, and when and as paid, all coupons shall forthwith be canceled.

The Railroad Company covenants and agrees that at all times until the payment of the principal of the bonds secured by this Indenture, it will keep an office or agency in the City of New York, where bonds and coupons may be presented for payment and where notices or demands in respect of said bonds and coupons may be served, and from time to time will give written notice to the Trustee of the place of such office or agency. In case the Railroad Company shall fail to do so, presentation and demand may be made and notices served at the office of the Trustee in the City of New York.

SECTION 2. Exclusively for the benefit of the holders of bonds issued hereunder, the Railroad Company covenants and agrees that from time to time it will duly pay and discharge all taxes, assessments and governmental charges (the lien of which would be prior or superior to the lien of this Indenture) lawfully imposed upon the railroads, franchises and other property hereby mortgaged, pledged, or assigned, or upon any part thereof, or upon the income or profits thereof, and also all taxes, assessments and governmental charges lawfully imposed upon the lien or interests under this Indenture of the Trustee or of the holders of the bonds hereby secured, in respect of the railroads, franchises and other property, subject to this Indenture, so that the lien and priority of this Indenture shall be fully preserved at the cost of the Railroad Company without expense to the Trustee or to the bondholders; *provided, however*, that nothing in this Section contained shall require the Railroad Company to pay, acquire or make provision for any such tax, assessment or charge so long as in good faith the validity thereof shall be contested.

SECTION 3. In order to prevent any accumulation after maturity of coupons, the Railroad Company agrees and covenants that it will not, directly or indirectly, extend or assent to the extension of the time for payment of any coupon, and that it will not, directly, or indirectly, be a party to or approve any such arrangement by purchasing or funding such coupons or in any other manner. In case the time for payment of any such coupon shall be so extended, whether or not such extension be by or with the consent of the Railroad Company, such coupon shall not be entitled, in case of default hereunder, to the benefit or security of this Indenture, except subject to the prior payment in full of the principal of all bonds issued hereunder then outstanding, and of all matured coupons, the payment of which has not been so extended.

SECTION 4. The Railroad Company covenants and agrees at all times by itself or through the lessee thereof to maintain, preserve and keep the mortgaged property and every part thereof, with the rolling stock, fixtures and appurtenances, and every part and parcel thereof, in thorough repair and working order and condition and supplied with motive power, rolling stock and equipment, and

that it will from time to time make all needful and proper repairs, renewals, replacements, additions, betterments and improvements, so that the traffic and business thereof and every part thereof shall at all times be conducted with safety and expedition.

SECTION 5. The Railroad Company covenants and agrees that this Indenture shall always be kept and maintained to the extent that it now is, and may from time to time become, a valid lien upon all the railroad and appurtenances described and conveyed in the granting clause hereof, and upon all renewals thereof and all betterments and improvements thereto provided for by the use of the bonds secured by this Indenture or their proceeds; that it will not voluntarily create, or suffer to be created, any debt, lien or charge which would be prior to the lien of these presents upon any property which shall have become subject to this Indenture, or upon the income thereof.

SECTION 6. Whenever demanded by the Trustee the Railroad Company will grant, convey, confirm, assign, transfer and set over unto the Trustee subject to the lien of existing mortgages, the estate, right, title and interest of the Railroad Company in or to all real or personal estate, corporate rights and franchises which, in any way or manner, it shall acquire as appurtenant to, or for use upon, the railroad hereby mortgaged, or any railroad or property which hereafter shall become subject to the lien of this Indenture; and it will also do such further acts and execute, acknowledge and deliver all and every such further deeds, transfers and assurances for the better assuring, conveying and confirming unto the Trustee all and singular, the premises, estates and property hereby conveyed, or intended so to be, or which the Railroad Company has herein covenanted or agreed hereafter to convey or mortgage to the Trustee, as the Trustee shall reasonably require for better accomplishing the provisions and purposes of this Indenture, and for securing the payment of the principal and interest of the bonds intended to be hereby secured.

ARTICLE THIRD.

SECTION 1. In case default shall be made in the payment of any interest or any bond hereby secured, or in the payment of the principal of any such bond, or in case default shall be made in the due observance or performance of any other covenant or condition herein required to be kept or performed by the Railroad Company, and any such last-mentioned default shall continue for a period of six months after written notice thereof to the Railroad Company from the Trustee or from the holders of twenty-five per cent. or more in amount of the bonds hereby secured and at the time outstanding, then and in each and every such case the Trustee, by its agents or attorneys, may forthwith enter into or upon all or any part of the railroad, rolling stock, property, lands, rights, interests, franchises and premises hereby conveyed, or intended so to be, and each and every part thereof, and may exclude the Railroad Company, its agents and servants wholly therefrom, and, having and holding the same, may use, operate, manage and control said railroad and other premises and property, regulate the tolls for the transportation of passengers and freight thereon, and conduct the business thereof, either personally or by its superintendents, managers, receivers, agents, servants or attorneys, to the best advantage of the holders of the bonds hereby secured; and upon every such entry the Trustee may, at the expense of the trust estate, from time to time, either by purchase, repair, or construction, maintain and restore, and may insure or keep insured, the rolling stock, tools, machinery and other property, buildings, bridges and structures erected or provided for use in connection with said railroad and other premises and whereof it shall become possessed as aforesaid, in the same manner and to the same extent as is usual with railroad companies, and likewise may, from time to time, at the expense of the trust estate, make all necessary or proper repairs, renewals, replacements, alterations, additions, betterments and improvements thereto and thereon as to it may seem judicious; and the Trustee in such case shall have the right to man-

age the mortgaged premises and property and to carry on the business and to exercise all the rights and powers of said Railroad Company, either in the name of said Railroad Company or otherwise, as the Trustee shall deem best; and the Trustee shall be entitled to collect and receive all tolls, earnings, incomes, rents, issues and profits of the mortgaged premises and property and every part thereof; and after deducting the expenses of operating said railroad and other premises and conducting the business thereof, and of repairs, maintenance, renewals, replacements, alterations, additions, betterments and improvements, and all payments which may be made for taxes, assessments, insurance and prior or other proper charges upon the said railroad, premises or property or any part thereof, as well as just and reasonable compensation for its own services and for the services of all counsel, agents and employees by it properly engaged and employed, it shall apply the moneys arising as aforesaid as follows:

First. In case the principal of the bonds hereby secured shall not have become due, to the payment of the interest in default in the order of the maturity of the instalments of such interest, with interest thereon, such payments to be made ratably to the persons entitled thereto without any discrimination or preference except as otherwise provided in Section 3 of Article Third hereof;

Second. In case the principal of the bonds hereby secured shall have become due, by declaration or otherwise, first to the payment of the accrued interest (with interest on the overdue instalments thereof) in the order of the maturity of the instalments, and next, if any surplus remains towards the payment of the principal of all bonds hereby secured, such payments in every instance to be made ratably to the persons entitled thereto without any discrimination or preference except as otherwise provided in Section 3 of Article Third hereof.

Upon the payment in full of whatever may be due for principal or interest, and be payable for other purposes, and after making provision satisfactory to the Trustee for the semi-annual interest upon bonds secured hereby then next maturing, the premises shall be returned to the Railroad Company.

In case at any time when the mortgaged premises are in the possession of the Trustee, or of any Receiver, the income

and profits received from the mortgaged premises, after deducting all expenses properly chargeable against the same shall be insufficient to pay all the interest upon bonds secured hereby which was due when the Trustee, or such Receiver took possession of the mortgaged premises, and all interest which may fall due while the Trustee, or such Receiver, is in possession thereof, the continuance of a default happening before the Trustee or Receiver took possession of the property, or the failure to pay interest, maturing while the Trustee, or such Receiver, is in possession of the property, shall entitle the Trustee and the bondholders to the same rights and remedies as are herein provided upon the continuance of such default or the failure to pay such interest, as the case may be, in all respects as if the Railroad Company had continued in possession of said premises.

SECTION 2. In case (1) default shall be made in the payment of any semi-annual instalment of interest on any bond hereby secured when the same shall become payable, and any such instalment shall remain unpaid for a period of six months, or in case (2) default shall be made in the performance of any of the covenants of the Railroad Company contained in Sections 2, 4 and 5 of Article Second hereof and any such default shall continue for a period of six months, then and in either of such events, the holders of a majority in amount of the bonds hereby secured then outstanding, may, by notice in writing delivered to the Railroad Company, declare the principal of all bonds hereby secured then outstanding to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in this Indenture or in said bonds contained to the contrary notwithstanding. This provision is, however, subject to the condition that, if at any time after the principal of said bonds shall have been so declared due and payable, and before any sale of the mortgaged premises or any part thereof shall have been had, all arrears of interest upon all bonds hereby secured then outstanding, with interest on overdue instalments of interest, and all expenses properly incurred by the Trustee hereunder, or by any receiver duly appointed of the mortgaged premises or any part thereof, and its or his own compensation shall be paid by the Railroad

Company, and the Railroad Company shall also pay all taxes and other amounts due and payable under any provision of this Indenture, or in case such amount shall have been collected out of the income of the mortgaged premises, and the Railroad Company shall also perform all covenants in respect of which such declaration shall have been made before any sale of the mortgaged premises or any part thereof shall have been had; then and in every such case such declaration and its consequences shall *ipso facto* be rescinded and annulled; but no such rescission and annulment shall extend to or affect any subsequent default, or impair any right consequent thereon.

SECTION 3. In case default shall be made in the payment of any interest on any bond hereby secured and any such default shall continue for a period of six months, or in case default shall be made in the payment of the principal of any such bond, when the same shall become due and payable either by its terms or by declaration of the bondholders as aforesaid, or in case default shall be made in the due observance or performance of any other covenant or condition herein required to be kept or performed by the Railroad Company, and any such last mentioned default shall continue for a period of six months after written notice thereof to the Railroad Company from the Trustee or from the holders of Twenty-Five per cent. or more in amount of the outstanding bonds hereby secured, then and in each and every such case, the Trustee shall be forthwith entitled, with or without entry, personally or by attorney, in its discretion, to sell at public auction to the highest bidder all and singular the mortgaged railroads and premises, rights and franchises and interests of every description held by the Trustee or in any manner subject to this Indenture, and all right, title, interest, claim and demand therein, and right of redemption thereof, which sale shall be made in one lot and as an entirety or in separate parcels in accordance with Section 6 of this Article, and upon such terms as the Trustee may fix, and upon any such sale of Railroad Company shall join in any deed of conveyance or assignment of the property sold or other writing evidencing such sale; *provided*, that this power of sale shall be exercised only so far as may be authorized by law.

SECTION 4. In case default shall be made in the payment of any interest on any bond hereby secured or in the payment of the principal of any such bond, when the same shall become due and payable either by its terms or by declaration of the bondholders as aforesaid, or in case default shall be made in the due observance or performance of any other covenant or condition herein required to be kept or performed by the Railroad Company and such last mentioned default shall continue for a period of six months after written notice thereof to the Railroad Company from the Trustee, or from the holders of twenty-five per cent. or more in amount of the outstanding bonds hereby secured, then and in each and every such case the Trustee may forthwith proceed to protect and enforce its rights and the rights of the bondholders under this Indenture by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the foreclosure of this Indenture upon default in the payment of interest or principal, or both, or for the enforcement of any other appropriate legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder.

SECTION 5. Upon filing a bill in equity or upon other commencement of judicial proceedings, as provided in the foregoing Section of this Article, by the Trustee to enforce any right under this Indenture, the Trustee shall be entitled to exercise any and all rights and powers herein conferred, and, as a matter of right, the Trustee shall be entitled to the appointment of a receiver of the premises hereby mortgaged and of the tolls, earnings, revenue, rents, issues, profits and other income thereof, with such powers as the court making such appointment shall confer, and shall be entitled to the application by any such receiver of the net income for the benefit of the holders of the bonds issued hereunder, in accordance with the trusts herein declared. Except as herein expressly provided to the contrary, no remedy in this Indenture conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, but every remedy in this Indenture provided shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at

law or in equity or by statute; and every power and remedy given by this Indenture to the Trustee or to bondholders may be exercised from time to time and as often as may be deemed expedient. No delay or omission of the Trustee, or of any holder of bonds hereby secured, to exercise any right or power arising from any default shall impair any such right or power or shall be construed to be waiver of any such default or an acquiescence therein. In case the Trustee shall have proceeded to enforce any right under this Indenture by foreclosure, entry, or otherwise, and such proceedings shall have been discontinued and abandoned because of a waiver or for any other reason, or shall have been determined adversely to the Trustee, then and in every such case, the Railroad Company and the Trustee shall severally and respectively be restored to their former position and rights hereunder in respect of the mortgaged premises, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

SECTION 6. In the event of any sale under or by virtue of the power of sale herein contained, or by virtue of judicial proceedings, or of any judgment or decree of foreclosure and sale, the whole of the property and premises hereby conveyed, mortgaged, assigned or pledged, including interests of every description held by the Trustee or in any way subject to this Indenture shall be sold in one parcel and as an entirety, unless the Trustee shall elect to sell in parcels; but if the holders of a majority in amount of the bonds hereby secured then outstanding shall in writing request the Trustee to cause said premises to be sold either in one parcel as an entirety or in several parcels, the sale shall be made in one parcel as an entirety or in several parcels as may be specified in such request, and in the order and at such time or times and place or places as may be designated therein so far as the law may allow; but any sale of the mortgaged railroads, franchises and property appurtenant thereto or appertaining to the use thereof shall be made at the City of New Bern, in the State of North Carolina, or such other place upon the mortgaged railroad as the Trustee may fix. The personal property and chattels appertaining to the railroads herein conveyed and transferred, or intended so to be,

now held or hereafter acquired, shall be deemed real estate for all the purposes of this Indenture, and shall be held and taken to be fixtures and appurtenances of the said railroads, and are to be used and sold therewith and in the same manner and not separate therefrom, except as herein otherwise provided.

Notice of any such sale shall state the time and place when and where the same is to be made and shall contain a brief general description of the property to be sold, and shall be published once in each week for at least four successive weeks prior to such sale in a newspaper published in New Bern, North Carolina, and a newspaper published in New York City, New York. The Trustee may adjourn or cause to be adjourned any such sale from time to time by announcement at the time and place appointed for such sale or for such adjourned sale or sales, and without further notice or publication such sale may be made at the time and place to which the same shall be so adjourned.

SECTION 7. In case of such sale of the mortgaged railroads and property, whether under the power of sale hereby granted or pursuant to judicial proceedings, the whole of the principal sum of such bonds hereby secured, if not previously due, shall at once become due and payable, anything in said bonds or in this Indenture to the contrary notwithstanding.

SECTION 8. The Railroad Company covenants and agrees that it will not at any time insist upon or plead or in any manner whatever claim or take the benefit or advantage of any stay or extension law now or at any time hereafter in force, nor will it claim, take or insist upon any benefit or advantages from any law now or hereafter in force, providing for the valuation or appraisal of the mortgaged premises prior to any sale or sales thereof, or forbidding or delaying the sale, at the instance of the Trustee, of any of the property hereby conveyed, by virtue of any judgment, decree or order which may be entered in any foreclosure proceeding brought hereunder; nor will it after any such sale or sales claim or exercise any right under any statute to redeem the property so sold or any part thereof; and it hereby expressly waives all benefit and advantage of any such law or laws, and covenants that it will not hinder, delay or impede

the execution of any power herein granted and delegated to the Trustee, but that it will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

SECTION 9. Upon the completion of any sale or sales the Trustee shall execute and deliver to the accepted purchaser or purchasers a deed or deeds of transfer and release of the property and franchises sold, or shall execute and deliver in conjunction with the deed or deeds of the court officer conducting such sale a proper release of such property and franchises. The Trustee and its successor and successors are hereby appointed the true and lawful attorney or attorneys irrevocable of the Railroad Company, in its name and stead, to make all necessary deeds of conveyance, sale and transfer of the property herein conveyed and mortgaged, and for that purpose may execute all necessary acts of conveyance, assignment and transfer, and may substitute one or more persons with like power, the Railroad Company hereby ratifying and confirming all that its said attorney or attorneys, or such substitute or substitutes, shall lawfully do by virtue hereof. Any such sale or sales made under or by virtue of this Indenture, either under the power of sale hereby granted and conferred, or under or by virtue of judicial proceedings, shall divest all right, title, interest, estate, claim and demand whatsoever, either at law or in equity, of the Railroad Company, of, in and to the premises sold, and shall be a perpetual bar both at law and in equity against said Railroad Company, its successors and assigns, and against any and all persons, claiming or to claim the premises sold, or any part thereof, from, through or under the Railroad Company, its successors or assigns. Nevertheless, the Railroad Company shall, if so requested by the Trustee, ratify and confirm such sale by executing and delivering to the Trustee or to such purchaser or purchasers all proper deeds, conveyances and releases as may be designated in such request.

The receipt of the Trustee or of the Court officer conducting any such sale shall be a sufficient discharge for the purchase money to any purchaser of the property, or any part thereof, sold as aforesaid, and no such purchaser of his representatives, grantees or assignees, after paying such purchase money and receiving such receipt, shall be bound to see to the

application of such purchase money upon or for any trust or purpose of this Indenture, or be answerable in any manner whatsoever for any loss, misapplication, or non-application of any such purchase money or any part thereof.

SECTION 10. The purchase money, proceeds or avails of any sale of the mortgaged premises, together with any other sums which then may be held by the Trustee, or be payable to it, under any of the provisions of this Indenture as part of the trust estate, shall be applied as follows :

First. To the payment of the costs, expenses, fees and other charges of, and a reasonable compensation to the Trustee, its agents and attorneys, and to the payment of all expenses, liabilities and advances incurred or disbursements made by the Trustee and to the payment of all taxes, assessments or liens prior to the lien of these presents, except any taxes, assessments or other superior liens subject to which such sale shall have been made.

Second. To the payment of the whole amount due, owing or unpaid upon the bonds hereby secured for principal and interest, with interest on the overdue instalments of interest, and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon the said bonds, then to the payment of such principal and interest without preference or priority of principal over interest or of interest over principal or of any instalment of interest over any other instalment of interest ratably, according to the aggregate of such principal and the accrued and unpaid interest.

Third. Any surplus then remaining to the Railroad Company, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same.

SECTION 11. In case of sale of the mortgaged premises or any part thereof, the purchaser, in settlement or payment for the property purchased, shall be entitled to use and apply towards payment of the purchase price of the property purchased any bonds and any matured and unpaid coupons hereby secured by presenting such bonds and coupons so that there may be credited and endorsed or stamped as paid thereon the sums applicable to such payment out of the net proceeds of such sale as provided in Section 10 of this Article ; and such purchaser shall thereupon be credited on account of the purchase price payable by him with the sums so applicable and

credited on the bonds and coupons so presented. Such bonds and coupons so presented by the purchaser shall be deemed to be paid only to the extent of the amount so credited as paid thereon.

At any such sale, the Trustee or any bondholders or their agents may bid for and purchase such property and may make payment therefor as aforesaid, and upon compliance with the terms of sale, may hold, retain and dispose of such property without further accountability therefor.

SECTION 12. Upon the written request of the holders of at least twenty-five per cent. in amount of the bonds hereby secured then outstanding, in case of any default as aforesaid, it shall be the duty of the Trustee, upon being indemnified as hereinafter provided, to take all needful steps for the protection and enforcement of its rights and the rights of the holders of the bonds hereby secured, or to exercise the powers of entry and sale herein conferred, or to commence appropriate judicial proceedings by action, suit or otherwise, as the Trustee shall deem most expedient in the interest of the holders of the bonds hereby secured; but, anything in this Indenture contained to the contrary notwithstanding, the holders of a majority in amount of the bonds hereby secured and outstanding, shall have the right from time to time, if they so elect and manifest such election by an instrument in writing executed and delivered to the Trustee to direct and control the method and place of conducting any and all proceedings for any sale of the premises hereby conveyed and mortgaged, or for the foreclosure of this Indenture, or for the appointment of a receiver, or any other action or proceeding hereunder, provided that such place shall in no event be other than is hereinbefore designated, to wit, at New Bern, North Carolina, or at some other place on the mortgaged premises. However, nothing herein contained shall be construed as requiring any direction or action on the part of bondholders to enable the Trustee to act in its discretion in any case where such action by bondholders is not herein expressly required.

SECTION 13. In case default shall be made in the payment of any interest on any bond hereby secured, or in case default shall be made in the payment of the principal of any such bond when the same shall become payable, whether at the

maturity of said bonds, or by declaration as authorized by this Indenture, or by a sale of the mortgaged premises as hereinbefore provided, then, upon demand of the Trustee, the Railroad Company agrees and covenants that it will pay the Trustee, for the benefit of the holders of the bonds and coupons hereby secured then outstanding, the whole amount which shall then be due and payable on all such bonds and coupons for principal or interest or both, as the case may be, with interest upon the overdue principal and instalments of interest; and, in case the Railroad Company shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to recover judgment for the whole amount so due and unpaid. The trustee shall be entitled to recover judgment as aforesaid before or after or during the pendency of any proceeding for the enforcement of the lien of this Indenture upon the mortgaged premises, and the right of the Trustee to recover such judgment shall not be affected by any entry or sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture, or by the foreclosure of the lien thereof; and in case of a sale of the mortgaged premises and of the application of the proceeds of sale to the payment of the mortgage debt, the Trustee, in its own name and as trustee of an express trust, shall be entitled to receive and to enforce payment of any and all deficiencies or amounts then remaining due and unpaid upon any and all of the bonds issued hereunder and then outstanding, for the benefit of the holders thereof, and shall be entitled to recover judgment for any portion of the mortgaged debt remaining unpaid, with interest. No recovery of any judgment by the Trustee and no levy of any execution under any such judgment upon property subject to the lien of this Indenture, or upon any other property, shall in any manner, or to any extent, affect or impair the lien of the Trustee upon the mortgaged property or any part thereof, or any rights, powers, or remedies of the Trustee hereunder, or any rights, powers, or remedies of the holders of the bonds hereby secured, but such lien, rights, powers and remedies shall continue unaffected and unimpaired as before. Any moneys thus recovered or collected by the Trustee under this Article, less the cost and expenses of collection and the reasonable compensation of the Trustee, shall be

applied by it towards payment to the holders of such bonds and coupons of the amounts due and unpaid upon such bonds and coupons respectively, such payment in every instance to be made ratably and without any preference or priority upon presentation of the respective bonds and coupons and endorsement of such payment thereon, if partly paid, or upon cancellation thereof, if paid in full.

ARTICLE FOURTH.

Upon the written request of the Railroad Company, expressed by resolution of its Board of Directors, the Trustee shall, from time to time, release from the lien and operation of this Indenture any part of the real estate and other property hereby conveyed and mortgaged; *provided*, that no part of the lines of track or the rights of way shall be released unless the same shall no longer be of use in the operation of the mortgaged railroad, and that no part of such lines of track or rights of way shall be so released if thereby the continuity of the railroad hereby mortgaged shall be broken; and *provided, further*, that no part of the mortgaged premises or property shall be released hereunder unless at the time of such release it shall no longer be necessary or expedient to retain the same for the operation, maintenance or use of the remaining railroads and property or for use in conducting the business thereof, and no such release shall be made unless the Railroad Company shall have contracted to sell the property so to be released, or shall have contracted to exchange the same for other property.

The proceeds of any and all sales of property covered by this Indenture and all moneys received as compensation for any property subject to this Indenture taken by exercise of the power of eminent domain shall be paid to the Trustee to be by it held and paid over to the Railroad Company upon delivery to the Trustee of (1) a certificate of the treasurer and engineer of the Railroad Company setting forth that additions, improvements or betterments to the property of the Railroad Company have been made since the execution of this Indenture at a cost to the Railroad Company named in said certificate, and stating further the reasonable value of such improvements, additions or betterments to the

Railroad Company, and (2) a resolution of the Board of Directors of the Railroad Company authorizing the execution of the said certificate by the treasurer and engineer and further authorizing the Trustee to pay over to the Railroad Company the reasonable value of such improvements, extensions or additions named in said certificate unless such reasonable value shall exceed the cost thereof in which case the Trustee shall pay over the cost thereof. Any new property acquired by the Railroad Company by exchange or purchase, to take the place of any property released hereunder shall forthwith become subject to the lien of this Indenture as fully as if specifically mortgaged hereby and without further conveyance; but, if requested by the Trustee, the Railroad Company shall convey the same to the Trustee by appropriate deeds upon the trusts and for the purposes of this Indenture.

The Railroad Company from time to time may make changes or alterations in or substitutions of any and all leases, trackage rights or contracts covered by this Indenture; but in such event any modified, altered or substituted leases, contracts or trackage rights shall forthwith become bound by and be subject to the terms of this Indenture to the same extent and in the same manner as those previously existing, and copies thereof shall be filed by the Railroad Company with the Trustee.

The Railroad Company, while in possession of the mortgaged premises, shall also have full power, from time to time, in its discretion, to dispose of any of the rails, equipment, machinery, tools, implements, materials and supplies at any time held subject to the lien hereof, which may have become unsuitable or unnecessary for such use, replacing the same by new rails, equipment, machinery, tools, implements, materials or supplies which shall become subject to this Indenture.

In case the mortgaged premises shall be in the possession of a receiver lawfully appointed, the powers in and by this Article conferred upon the Railroad Company may be exercised by such receiver; and if the Trustee shall be in possession of the mortgaged premises under any provision of this Indenture, then all the powers of this Article conferred upon the Rail-

road Company may be exercised by the Trustee in its discretion.

A certificate signed by the President or a Vice-President of the Railroad Company shall be received by the Trustee as conclusive evidence of any of the facts mentioned in this Article, and shall be full warrant and protection to the Trustee for its action on the faith thereof.

ARTICLE FIFTH.

The Trustee hereby accepts the trusts and assumes the duties hereby created and imposed upon it, but only, unless hereinbefore specifically provided, upon the following terms and conditions, to wit :

The Trustee shall not be under any obligation to take any action towards the execution or enforcement of the trusts hereby created which in its opinion will be likely to involve it in expense or liability, unless one or more of the holders of the bonds hereby secured shall, as often as required by the Trustee, furnish it reasonable security and indemnity against such expense or liability ; nor shall the Trustee be required to take notice of any default hereunder and may for all purposes assume that the Railroad Company is not in default hereunder and that there has been no default in the payment of the bonds and obligations at any time subject to the lien hereof or under the instruments pursuant to the terms of which any such bonds or obligations were issued, unless and until notified in writing of such default by the holders of at least twenty-five per cent. in amount of the bonds hereby secured then outstanding, or to take any action in respect of any default unless requested to take action in respect thereof by a writing signed by the holders of not less than twenty-five per cent. in amount of the bonds hereby secured then outstanding and tendered reasonable security and indemnity as aforesaid, anything herein contained to the contrary notwithstanding ; but the foregoing provisions of this Section are intended only for the protection of the Trustee and shall not be construed to limit or affect any discretion or power by any provision of this Indenture given to the Trustee to determine whether or not it shall take action in respect of such default, or any power or discretion of the Trustee to take action in re-

spect of any default without any such notice or request from bondholders.

The recitals herein, and in the First Mortgage Five Year Six Per Cent. Gold Bonds contained, are made solely by the Railroad Company and the Trustee is not responsible for the accuracy thereof.

The Trustee shall have a lien upon the property hereby conveyed, and the proceeds thereof prior and paramount to the bonds issued hereunder and the interest thereon for its reasonable expenses, counsel fees and disbursements incurred in the execution of the trusts hereby created, as also for its reasonable compensation for services, and the holders of each and every bond issued hereunder shall be deemed to have recognized and assented to such priority of lien. The Trustee shall not be liable for anything in connection with this trust, except for its willful misconduct or gross negligence. The Trustee shall have no responsibility for or in respect to the validity or sufficiency of this Indenture or of the lien purported to be hereby created, or for or in respect to the due execution or acknowledgment hereof by the party of the first part or for or in respect to the recording or filing hereof, or as to the title or value of the property hereinbefore described, neither the Trustee nor its officers or agents purporting to have or having any knowledge as to any of such matters, nor shall it be the duty of the Trustee to do any act whatever other than the acceptance and execution hereof, for the creating, perfecting or continuing of the lien of this Indenture or to give notice of the existence of the lien thereof, or to extend, or supplement the lien sought to be created hereby, and the party of the first part hereby covenants that this Indenture has been duly executed and acknowledged and that it will duly record and file the same in the proper offices.

The Trustee shall be under no duty to pay, or to keep itself informed as to the payment of rents, taxes, or assessments upon the property hereinbefore described, or to effect insurance against fire or other damage to any portion of the said property or to renew any policies of fire or other insurance thereon. The Trustee may in its discretion at the expense of the party of the first part, or of the trust estate, do or procure to be done any or all of the matters or things in this

paragraph set forth, but any such action on its part shall not be construed as a waiver of its exemption from responsibility therefor.

While the Trustee shall be protected in all cases for all acts done in good faith under or in compliance with, and in reliance upon, the resolutions of the Railroad Company or the certificates of its officers in any part of this Indenture provided, yet it may in any case, in its discretion, require from the said Railroad Company or officers other reasonable evidence of the facts set forth in such resolutions or certificates. The Trustee shall not be personally liable for any debts contracted by it, or for damages to persons or property carried or injured, or for salaries or nonfulfillment of contracts during any period wherein the Trustee shall manage the trust property or premises upon entry as aforesaid.

ARTICLE SIXTH.

No holder of any bond or coupon hereby secured shall have any right to institute any suit, action or proceeding at law or in equity upon or in respect of this Indenture, or for the execution of any trust or power thereof, or for the appointment of a receiver, or for any other remedy under or upon this Indenture, unless such holder shall previously have given to the Trustee written notice of any existing default and of the continuance thereof as hereinbefore provided; nor unless also the holders of twenty-five per cent. in amount of the bonds hereby secured then outstanding shall have made written request upon the Trustee and shall have afforded to it reasonable opportunity itself to proceed to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; nor unless, also, such holder or holders shall have offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein and thereby; and such notification, request and offer of indemnity are hereby declared, in every such case, at the option of the Trustee, to be conditions precedent to any action or cause of action for foreclosure or for the appointment of a receiver, and to the institution of any such suit, action or proceeding and to any other remedy hereunder; it being understood and intended that no one or more holders of

bonds or coupons shall have any right in any manner whatever to affect, disturb or prejudice the lien of this Indenture by his or their action, or to enforce any right hereunder, except in the manner herein provided, and that all proceedings hereunder at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all holders of such outstanding bonds and coupons.

ARTICLE SEVENTH.

The Trustee may resign and be discharged from the trusts created by this Indenture, by delivering to the Railroad Company written notice thereof addressed to the bondholders of the Railroad Company and by publishing such notice at least twice a week for four successive weeks in one newspaper published in New York City, New York, and by due execution of the instruments herein required. The Trustee may be removed at any time by an instrument in writing under the hands of the holders of two-thirds in amount of the bonds hereby secured and then outstanding, and upon payment to the Trustee of its compensation to the date of such removal; but no such removal shall be made before default hereunder without the written consent of the Railroad Company.

In case at any time The Equitable Trust Company of New York or its successor hereunder, shall resign or be removed or otherwise become incapable of acting, a successor Trustee qualified as hereinafter stated, may be appointed by the holders of a majority in amount of the bonds hereby secured then outstanding, by an instrument or concurrent instruments or counterparts signed by such bondholders or their agents duly authorized; provided, nevertheless, and it is hereby agreed and declared that in case at any time neither the present Trustee nor any successor Trustee shall be in office hereunder, the Railroad Company may, by an instrument executed by order of its Board of Directors, appoint a trust company (which shall be qualified as hereinafter stated) to fill such vacancy until a new Trustee shall be appointed by the bondholders. The Railroad Company thereupon shall publish notice of such appointment once a week for four successive weeks in a newspaper published in New York City, New York;

and any new Trustee so appointed shall immediately and without further act be superseded by a Trustee appointed, in the manner above provided, by the holders of a majority in amount of the bonds hereby secured, if so appointed within one year after the first publication of such last-mentioned notice.

Every Trustee appointed hereunder, as successor to The Equitable Trust Company of New York, shall always be a trust company in good standing doing business in the City of New York, if there be such a trust company willing, able and qualified to accept the trust upon reasonable or customary terms, and all the rights, powers and duties by this Indenture vested in the Trustee shall be vested in such successor trustee, and every provision of this Indenture applicable to the Trustee shall apply equally to such successor trustee.

Any new Trustee appointed hereunder shall execute, acknowledge and deliver to the Railroad Company an instrument accepting such appointment hereunder, and thereupon such new Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers and trusts of its predecessors in the trust hereunder with like effect as if originally named as Trustee herein ; but the Trustee ceasing to act shall, nevertheless, on the written demand of the new Trustee, execute and deliver an instrument conveying and transferring to such new Trustee upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the Trustee so resigned or removed, and shall duly assign, transfer and deliver all property and moneys held by such Trustee to the new Trustee so appointed in his or its place ; and, upon request of any such new Trustee, the Railroad Company shall make, execute, acknowledge and deliver any and all deeds, conveyances, or instruments in writing necessary for more fully and certainly vesting in and confirming to such new Trustee all such estates, properties, rights, powers, trusts and duties.

ARTICLE EIGHTH.

Until some default shall have been made in the due and punctual payment of the interest or of the principal of the bonds hereby secured, or of some part of such interest or

principal, or in the due and punctual performance and observance of some covenant or condition hereof obligatory upon the Railroad Company, and such default shall have continued beyond the period of grace, if any, herein provided in respect thereof, the Railroad Company, its successors and assigns shall be suffered and permitted to retain actual possession of the railroad premises hereby mortgaged, and to manage, operate and use the same and every part thereof, with the rights and franchises appertaining thereto, and to collect, receive and take the tolls, earnings, rents, issues, profits and other income thereof.

ARTICLE NINTH.

If, when the bonds hereby secured shall have become due and payable, the Railroad Company shall well and truly pay or cause to be paid the whole amount of the principal moneys and interest due upon all of the bonds hereby secured and outstanding, or shall provide for such payment by depositing with the Trustee hereunder, for the payment of such bonds, the entire amount due and to become due thereon for principal and interest, or shall at any time deliver or cause to be delivered to the Trustee for cancelation and destruction all the bonds issued hereunder together with all unmatured coupons thereunto belonging, and shall also pay or cause to be paid all other sums payable hereunder, and shall well and truly keep, perform and observe all the things herein required to be kept, performed and observed by it according to the true intent and meaning of this Indenture, then and in that case all property, rights and interest hereby conveyed shall revert to the Railroad Company, or to whomsoever may be entitled thereto, and the estate, right, title and interest of the Trustee therein shall thereupon cease, determine and become void ; and the Trustee shall, in such case, on demand of the Railroad Company, and at its cost and expense, enter satisfaction and discharge of this Indenture upon the records, and deliver to the Railroad Company, or to whomsoever may be entitled thereto, all securities, money and other property held by it as Trustee hereunder.

ARTICLE TENTH.

Any request or other instrument required by this Indenture to be signed or executed by bondholders may be in any number of documents of similar tenor, and may be signed or executed by such bondholders in person, or by agent or attorney appointed in writing. Proof of the execution of such a request or other instrument, or of a writing appointing any such agent or attorney, and of the holding by any person of coupon bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by them or it under such request or other instrument, if made in the following manner, viz.: (1) The fact and date of the execution by any person of any such request, or other instrument, or writing may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in any state within the United States, certifying that the person signing such request or other instrument acknowledged to him the execution thereof, or by the affidavit of a witness to such execution duly sworn to before any such notary public or other officer. (2) The amount of coupon bonds transferable by delivery held by any person executing any such request or other instrument as a bondholder, and the amounts and issue numbers of the bonds held by such person and the date of his holding the same, may be proved by a certificate executed by any trust company, bank or other depository (wherever situated) whose certificate shall be deemed by the Trustee to be satisfactory, showing that such person had on deposit with such depository or exhibited to it the bonds described in such certificates at the date therein mentioned. (3) The ownership of registered bonds shall be proved by the books for the registry of such bonds under Section 3 of Article First hereof.

ARTICLE ELEVENTH.

The Railroad Company and the Trustee may deem and treat the bearer of any coupon bond hereby secured, which shall not at the time be registered as hereinbefore authorized, and the bearer of any coupon for interest on any such bond, whether such bond shall be registered or not, as the absolute

owner of such bond or coupon, as the case may be, for the purpose of receiving payment thereof and for all other purposes; and neither the Railroad Company nor the Trustee shall be affected by any notice to the contrary.

The Railroad Company and the Trustee may deem and treat the person in whose name any coupon bond shall be registered upon the books of the Railroad Company as heretofore provided, as the absolute owner thereof for the purpose of receiving payment of, or on account of the principal thereof, and for all other purposes, except to receive payment of interest represented by outstanding coupons; and all such payments so made to such registered holder, for the time being, or upon his order, shall be valid and effectual to satisfy and discharge the liability upon such bond to the extent of the sum or sums so paid.

ARTICLE TWELFTH.

Nothing contained in this Indenture or in any bond hereby secured shall prevent any consolidation or merger of the Railroad Company with any other corporation or any conveyance and transfer, subject to the continuing lien of this Indenture and to all the provisions thereof, of all the mortgaged and pledged premises and property as an entirety to a railroad corporation at that time existing under and by virtue of law and entitled to acquire the same; *provided*, that such consolidation, merger or sale shall not impair the lien and security of this Indenture or any of the rights or powers of the Trustees hereunder, and that upon any such consolidation, merger or sale the due and punctual payment of the principal and interest of all the bonds then outstanding under and secured by this Indenture according to their tenor, and the due and punctual performance and observance of all covenants and conditions in this Indenture contained and required to be observed and performed by the Railroad Company shall be assumed by the corporation formed by such consolidation or merger or by the grantee or transferee as aforesaid.

In case the Railroad Company, pursuant to this Article shall be consolidated or merged with any other corporation, or shall sell, convey and transfer, subject to this Indenture, all the mortgaged and pledged premises and property as an en-

tirety as aforesaid, the successor corporation formed by such consolidation or into which the Railroad Company shall have been merged or which shall have received a conveyance and transfer as aforesaid, upon executing and causing to be recorded an Indenture with the Trustee and satisfactory to them, whereby such successor corporation shall assume the due and punctual payment of the principal and interest of the bonds secured by this Indenture, and upon the performance of all of the covenants and conditions of this Indenture, shall succeed to and be substituted for the Railroad Company with the same effect as if it had been named herein as party of the first part hereto.

ARTICLE THIRTEENTH.

The party hereto of the second part, hereby accepts the trusts in this Indenture declared and provided, and agrees to perform the same upon the terms and conditions hereinbefore set forth.

Except when otherwise indicated the term "Trustee" as used in this Indenture shall be held to mean The Equitable Trust Company of New York, or any person or trust company which for the time being shall act as Trustee hereunder in succession to said The Equitable Trust Company of New York.

All the covenants, agreements, stipulations and provisions in this Indenture contained, by or relating to the Railroad Company, shall bind and relate to its successors and assigns, whether so expressed or not; and every successor corporation which shall be lawfully vested with the ownership of the properties subject to this Indenture shall possess and may exercise each and every right and power hereunder of the Railroad Company.

In order to facilitate the recording of this Indenture, the same may be simultaneously executed in counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, The Atlantic and North Carolina Railroad Company, party hereto of the first part, and The Equitable Trust Company of New York, party hereto of the

second part, have duly caused these presents to be signed by their respective Presidents or Vice-Presidents and their respective corporate seals to be hereto affixed, attested by their respective Secretaries or Assistant Secretaries as of the day and year first above written.

THE ATLANTIC AND NORTH CAROLINA
RAILROAD COMPANY,

By R. A. NUNN,
President.

Attest :

T. W. SLOCUMB,
Secretary.

THE EQUITABLE TRUST COMPANY OF NEW YORK,
By HEMAN DOWD,
Vice-President.

Attest :

S. ARMSTRONG,
Asst. Secretary.

Signed, sealed and delivered on behalf)
of The Atlantic and North Carolina)
Railroad Company in the presence of)

D. S. JONES.

ERNEST M. GREEN.

Signed, sealed and delivered on behalf)
of The Equitable Trust Company of)
New York in the presence of)

A. E. BATES.

O. P. FARWELL, JR.

STATE OF NEW YORK, }
 New York County, } ss.

This is to certify that on the 30th day of June, 1917, before me personally came S. Armstrong, with whom I am personally acquainted, who, being by me duly sworn, says that he is an asst. secretary of The Equitable Trust Company of New York, a corporation, and that Heman Dowd is a vice-president of said corporation described in, and which executed the foregoing instrument ; that he knows the common seal of said corporation ; that the seal affixed to the foregoing instrument is said common seal, and the name of the said corporation was subscribed thereto by the said vice-president, and that said vice-president and asst. secretary subscribed their names thereto, and said common seal was affixed, all by order of the board of Trustees of said corporation, and that the said instrument is the act and deed of said corporation.

Witness my hand and official seal, this the 30th day of June, 1917.

B. C. McKANNA,
 Notary Public.

My Commission Expires 30th day of March, 1919.

NORTH CAROLINA, }
 Craven County, } ss. :

This is to certify that on the 28th day of June, 1917, before me personally came T. W. Slocumb, with whom I am personally acquainted, who, being by me duly sworn, says that he is the secretary of the Atlantic and North Carolina Railroad Company, a corporation, and that R. A. Nunn is the president of said corporation described in, and which executed the foregoing instrument ; that he knows the common seal of said corporation ; that the seal affixed to the foregoing instrument is said common seal, and the name of the said corporation was subscribed thereto by the said president, and that said president and secretary subscribed their names thereto, and said common seal was affixed, all by order of the board of directors of said corporation, and that the said instrument is the act and deed of said corporation.

Witness my hand and official seal, this the 28th day of June, 1917.

D. S. JONES,
 Notary Public.

My commission expires 22nd day of December, 1917.

NORTH CAROLINA, }
 Craven County, } ss. :

The foregoing certificates of
 a Notary Public of New York County, N. Y., and
 , a Notary Public of Craven County, N. C.,
 are adjudged to be correct. Let the instrument and the certificates be registered.

This day of June, 1917.

Clerk of the Superior Court.

When and where registered:

Craven county,	filed	4 July,	1917,	registered in book	216,	page	433;
Carteret County,	2	7 July,	"	"	25,	"	147;
Wayne	"	"	"	"	134,	"	563;
Jones	"	10	"	"	69,	"	424;
Lenoir	"	<u> </u>	"	"	<u> </u> ,	"	<u> </u>

